

County Executive
Ann Edwards



County of Sacramento

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June 8, 2022

Members, Board of Supervisors
County of Sacramento
700 H Street, Suite 2450
Sacramento, CA 95814

RE: Fiscal Year 2022-23 Recommended Budget

Honorable Members of the Board:

I am pleased to submit the Recommended Budget for Fiscal Year (FY) 2022-23 for your consideration and approval.

The FY 2022-23 Recommended Budget achieves the following important objectives:

- Alignment with community needs as identified in the Community Engagement Plan approved by the Board of Supervisors in June 2021.
- Maintaining important County programs despite the loss of dedicated funding in key areas.
- Providing substantial funding for new or enhanced programs (Growth) consistent with the Board's priorities for the FY 2022-23 budget, which were approved in December 2021.
- Balancing the new program investment with meaningful contributions to General Fund reserves to help ensure the County's ability to maintain service levels in the future.

The General Fund Budget is balanced as required by State law, but, as in prior years, it is also balanced with a significant use of one-time resources. In order to support fiscal sustainability and the County's ability to provide proposed service levels into the future, we are recommending that roughly half of the one-time discretionary resources available be used to fund

General Fund expenditures in FY 2022-23, including for new or enhanced programs, with the other half being set aside in reserves to be available to fund future year expenditures.

COMMUNITY ENGAGEMENT PLAN AND BOARD BUDGET PRIORITIES

Consistent with the Community Engagement Plan approved by the Board in June 2021, we have conducted an extensive public outreach and engagement process that supported the development of Board priorities for the FY 2022-23 Budget, including the following elements:

- A “Budget in Brief” budget summary and a “Budget Explorer Tool” that allows users to drill down into the County’s budget, both available on the County’s website.
- Two virtual public budget workshops were held on October 27, 2021, to provide information about the County’s budget and budget process, as well as an opportunity for the public to ask questions and provide input.
- In the summer of 2021, County departments conducted outreach with the County’s advisory boards and commissions, upon which almost 600 people serve, to understand their priorities for the County’s budget. Altogether, 59 boards and commissions provided responses, with key themes including affordable housing, homelessness, health and human services, safety, and parks and road infrastructure.
- In October 2021, the Board approved a contract award to FM3 Research (FM3) to conduct a public opinion survey of County residents’ budget priorities. The Board received a presentation from FM3 regarding the proposed survey methodology and topics and issues to be included in the survey questions, reflecting key themes that emerged through the advisory board and commission outreach.
- FM3 conducted the budget priority survey of adult residents of the County from October 27, through November 8, 2021, via telephone and online interviews. The number of respondents totaled 1,153 compared to the target of 800, with a margin of sampling error of $\pm 3.5\%$ at the 95% confidence level. The survey was available in 10 languages, including English.

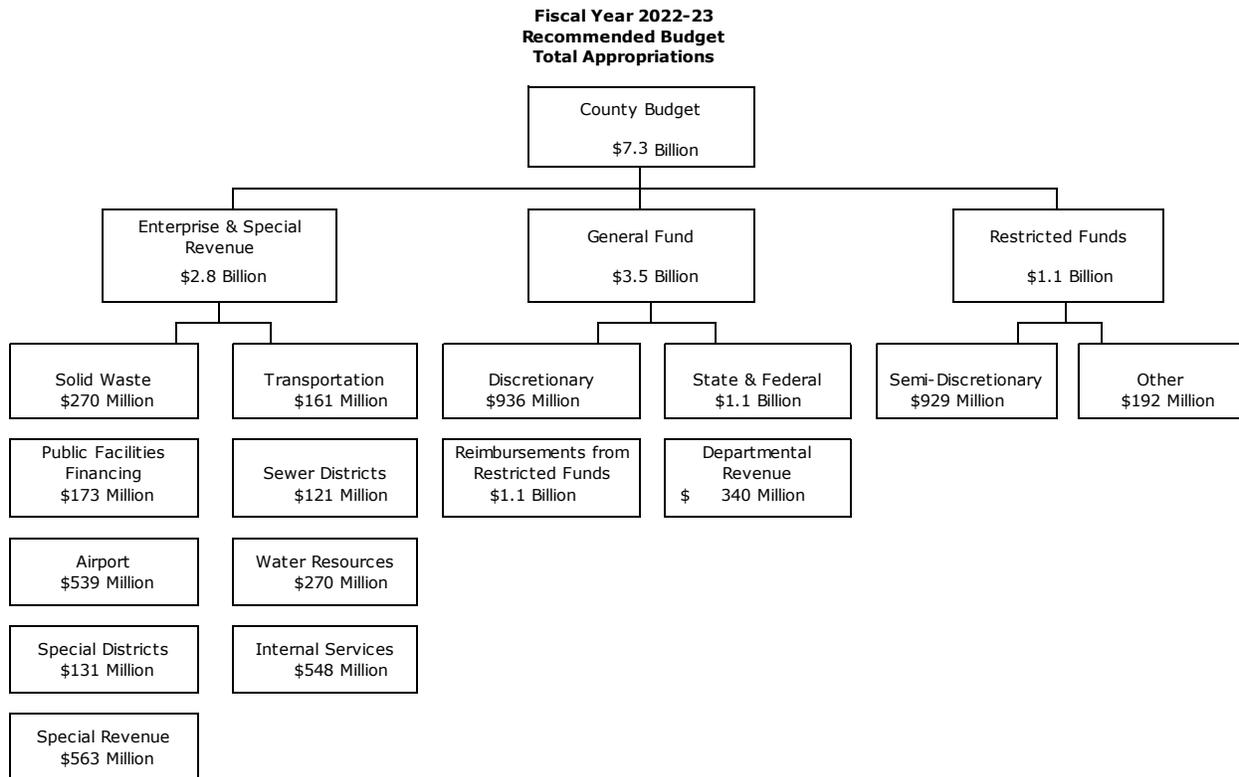
Based on the survey results and other input gathered and presented, on December 8, 2021, the Board adopted the following priorities for the use of General Fund discretionary resources in the FY 2022-23 Budget:

1. Complying with the County's legal, financial, regulatory and policy obligations, including providing mandated services, ensuring collection of revenues, and complying with the General Reserves policy.
2. Maintaining existing service levels budgeted for County programs, improving effectiveness and efficiency where possible and limiting the extent to which reductions in categorical revenue are backfilled with discretionary resources.
3. Funding new or enhanced programs that focus on the most critical and urgent needs, with the following priority focus areas identified in a survey of County residents:
 - A Countywide focus area of addressing homelessness and its impacts, including housing, mental health and substance use.
 - An unincorporated focus area of improving the condition of streets and roads.

These priorities were then included in the budget instructions provided to departments to ensure alignment between departmental growth requests and Board priorities; and requests were evaluated and recommended for approval based on alignment with those same priorities.

ALL FUNDS BUDGET

The Recommended Budget for All Funds totals \$7.3 billion in appropriations, an increase of \$396 million (5.7%) compared to the FY 2021-22 Adopted Budget. The following chart illustrates the distribution of the All Funds Budget.



Of the total \$7.3 billion budgeted, \$2.8 billion in Enterprise and Special Revenue Fund appropriations is funded through utility rates, fees, and other dedicated revenue. Of the General Fund appropriations of \$3.5 billion, approximately \$936 million is funded with discretionary resources, \$1.1 billion with reimbursements from restricted funds, and the remainder with Federal, State and fee revenue dedicated to specific purposes. Restricted funds represent \$1.1 billion in total appropriations, with \$929 million for Semi-discretionary revenue funds (1991 and 2011 Realignment and Proposition 172) and \$192 million in other restricted funds. Appropriations in the restricted funds represent amounts transferred to the General Fund to reimburse eligible expenditures in General Fund departments.

A comparison of total appropriations by fund for the FY 2022-23 Recommended Budget and FY 2021-22 Adopted Budget is shown in the table on the following page. Total appropriations by budget unit can be found in Attachment 1.

As shown in the table, reimbursements between and within funds account for \$1.8 billion of the \$7.3 billion in total appropriations, resulting in net financing uses of \$5.5 billion. In addition to the General Fund, the funds or fund groups with the largest increase in total appropriations include:

- The Semi-discretionary Restricted Funds (Public Safety Sales Tax, 1991 Realignment and 2011 Realignment), with an \$85 million (10.1%) increase due to an increase in estimated Semi-discretionary revenue available to be transferred to operating departments in the General Fund as described more fully below.
- Mental Health Services Act, with a \$16 million (11.9%) increase reflecting additional reimbursements to the Health Services budget unit for expenditures on behavioral health services, including \$5.5 million in recommended Growth.
- Other restricted funds, with a \$25 million increase as the result of previously unbudgeted departmental restricted revenue funds being included in the budget for FY 2022-23. Appropriations in these funds represent reimbursements to the operating budget unit where the expenditures are incurred.
- Water Resources, with a \$32 million (13.4%) increase due to various projects, including the Arden Service Area Pipe/Meter project.
- Airport System funds, with a \$56 million (11.7%) increase, reflecting a return to pre-pandemic service levels as passenger traffic has recovered from the impacts of the COVID-19 pandemic.
- Waste Management & Recycling, with a \$51 million (23.2%) increase due largely to additional capital and operating expenditures required to comply with SB 1383 regulations regarding organic material collection.

FY 2022-23 THE ALL FUNDS BUDGET - TOTAL APPROPRIATIONS

Fund	FY 2021-22 Adopted Budget Appropriations	FY 2022-23 Recommended Budget Appropriations	Difference	% Difference
General Fund	3,371,484,081	3,450,617,212	79,133,131	2.3%
Community Investment Program	96,104	91,104	(5,000)	-5.2%
Neighborhood Revitalization	1,768,574	1,695,165	(73,409)	-4.2%
Mental Health Services Act	135,021,895	151,101,888	16,079,993	11.9%
Public Safety Sales Tax	145,205,105	171,500,597	26,295,492	18.1%
1991 Realignment	342,454,198	363,956,532	21,502,334	6.3%
2011 Realignment	356,118,553	393,703,543	37,584,990	10.6%
Clerk/Recorder Fees	6,725,020	6,611,027	(113,993)	-1.7%
SSD DOJ Asset Forfeiture	-	-	-	0.0%
SSD Restricted Revenue	3,172,522	8,831,216	5,658,694	178.4%
Economic Development	91,697,350	90,974,989	(722,361)	-0.8%
Environmental Management	27,659,768	27,665,000	5,232	0.0%
Golf Fund	9,380,816	11,078,458	1,697,642	18.1%
Transient Occupancy Tax	5,081,587	4,261,197	(820,390)	-16.1%
Transportation	342,745,721	348,831,545	6,085,824	1.8%
Water Resources	237,943,801	269,759,277	31,815,476	13.4%
Airport System	482,485,380	538,973,203	56,487,823	11.7%
Waste Management & Recycling	219,483,426	270,298,812	50,815,386	23.2%
Capital Projects Funds	93,604,890	78,242,109	(15,362,781)	-16.4%
Debt Service Funds	40,007,338	40,007,338	-	0.0%
Other Special Revenue Funds	108,807,523	114,060,860	5,253,337	4.8%
Other Enterprise Funds	4,076,111	2,782,785	(1,293,326)	-31.7%
Other Internal Service Funds	517,129,735	547,883,353	30,753,618	5.9%
Other Special Districts & Agencies	408,022,929	428,507,028	20,484,099	5.0%
Other Restricted Funds	274,432	25,035,608	24,761,176	9022.7%
Total Appropriations	6,950,446,859	7,346,469,846	396,022,987	5.7%
Total Reimbursements	(1,668,824,096)	(1,843,835,439)	(175,011,343)	10.5%
NET FINANCING USES	5,281,622,763	5,502,634,407	221,011,644	4.2%

GENERAL FUND BUDGET

General Fund Overview

The table below provides a summary of changes in the General Fund budget, with total appropriations of \$3.5 billion, an increase of \$79 million (2.3%) compared to the FY 2021-22 Adopted Budget.

General Fund

FY 2021-22 Adopted - FY 2022-23 Recommended

	FY 2021-22 Adopted Budget	FY 2022-23 Recommended Budget	Difference
Resources			
Beginning Available Balance	\$238,236,463	\$209,000,000	(\$29,236,463)
Reserve Cancellation	\$913,945	\$600,000	(\$313,945)
Discretionary Revenue & Reimbursements	\$740,165,295	\$815,636,490	\$75,471,195
Semi-discretionary Reimbursements	\$843,777,856	\$929,160,672	\$85,382,816
Other Reimbursements	\$303,043,597	\$357,528,027	\$54,484,430
Departmental Revenue	\$1,313,567,146	\$1,228,403,353	(\$85,163,793)
Total Revenue & Reimbursements	\$3,201,467,839	\$3,330,728,542	\$129,260,703
Total Resources	\$3,439,704,302	\$3,540,328,542	\$100,624,240
Requirements			
Contingency	\$17,000,000	\$27,000,000	\$10,000,000
Other Net County Cost	\$894,095,482	\$908,525,160	\$14,429,678
Total Net County Cost	\$911,095,482	\$935,525,160	\$24,429,678
Other Appropriations	\$2,460,388,599	\$2,515,092,052	\$54,703,453
Total Appropriations	\$3,371,484,081	\$3,450,617,212	\$79,133,131
Provision for Reserves	\$68,220,221	\$89,711,330	\$21,491,109
Total Requirements	\$3,439,704,302	\$3,540,328,542	\$100,624,240

As described more fully in the following sections, the General Fund budget reflects:

- A \$209 million beginning available balance, which due to the one-time nature of this funding, is allocated roughly equally between funding General Fund expenditures in FY 2022-23 and making contributions to General Fund reserves for future year expenditures.
- \$816 million of funding from discretionary revenue and reimbursements, representing a \$75 million (10.2%) increase compared to the FY 2021-22 Adopted Budget.
- \$936 million of Net County Cost, or appropriations funded with discretionary resources, including recommended Growth of \$74 million as described more fully below.
- \$90 million in additional reserve contributions to be available for future year expenditures.

The General Fund budget includes a total of \$124 million for new or enhanced programs (Growth), including \$74 million of Net County Cost, with major investments in Board priority areas including addressing homelessness, behavioral health, road maintenance and other critical needs, as described more fully in the New and Enhanced Program section of this letter.

General Fund Discretionary Resources

Available Fund Balance

The beginning General Fund available fund balance carry-forward is estimated to be \$209 million based on estimated FY 2021-22 revenues and expenditures as of January 2022. The actual available fund balance carry-forward will be updated in the Revised Recommended Budget once actual FY 2021-22 revenues and expenditures are known after the close of the fiscal year in July. While the fund balance carry-forward is available as a discretionary resource, it is one-time funding that is not a sustainable source of funding for ongoing expenditures. The Recommended Budget allocates approximately half of this funding to General Fund expenditures, with the remaining amount funding contributions to reserves.

Discretionary Revenue and Reimbursements

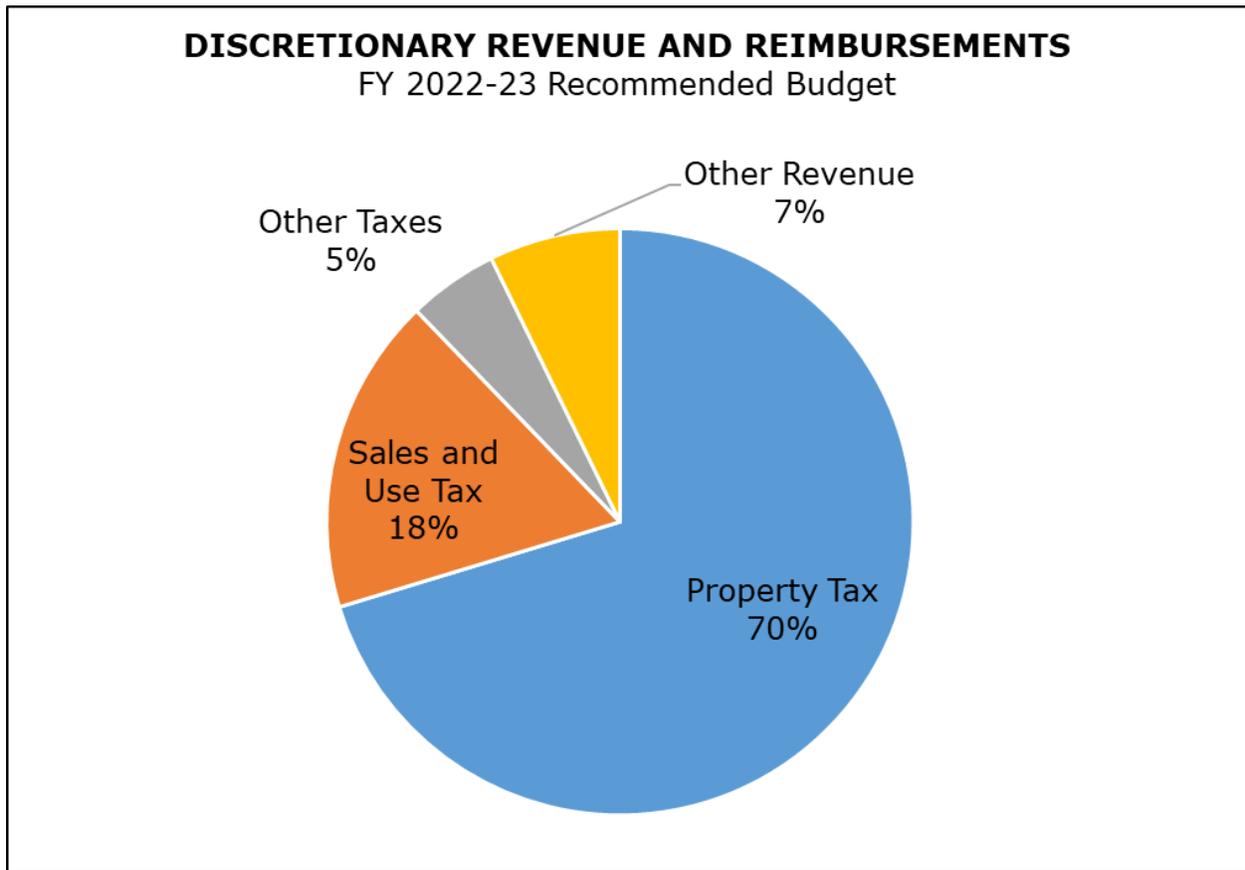
General Fund discretionary revenue includes property tax, sales and use tax, other taxes and discretionary revenue from other sources. As shown in the table below, discretionary revenue and reimbursements are projected to total \$816 million in FY 2022-23, an increase of \$75 million (10.2%) compared to the FY 2021-22 Adopted Budget. This increase results

primarily from projected increases in property tax and sales and use tax revenues as described below.

**FY 2022-23 Recommended Budget
DISCRETIONARY REVENUE AND REIMBURSEMENTS**

	FY 2021-22 Adopted	FY 2022-23 Recommended	Difference	% Difference
Property Tax - Secured/VLF in Lieu	\$ 496,821,479	\$ 535,033,788	\$ 38,212,309	7.7%
Property Tax - Supplemental	6,511,773	6,361,113	(150,660)	-2.3%
Other Property Tax	18,898,802	18,685,905	(212,897)	-1.1%
Total Property Tax	\$ 522,232,054	\$ 560,080,806	\$ 37,848,752	7.2%
Sales and Use Tax	\$ 102,008,320	\$ 142,624,575	\$ 40,616,255	39.8%
Utility User Tax	20,500,000	20,610,000	110,000	0.5%
Transient Occupancy Tax	5,043,000	5,976,435	933,435	18.5%
Property Transfer Tax	14,000,000	14,000,000	-	0.0%
Other Revenue	64,111,930	58,965,957	(5,145,973)	-8.0%
Total Revenue	\$ 727,895,304	\$ 802,257,773	\$ 74,362,469	10.2%
Teeter	\$ 12,269,991	\$ 13,378,717	\$ 1,108,726	9.0%
Total Reimbursements	\$ 12,269,991	\$ 13,378,717	\$ 1,108,726	9.0%
Total	\$ 740,165,295	\$ 815,636,490	\$ 75,471,195	10.2%

Property Taxes: As shown in the chart below, property taxes (including related Teeter reimbursements) represent over two-thirds (70%) of discretionary revenue and reimbursements. FY 2022-23 property tax revenue is projected to be \$560 million, an increase of \$38 million (7.2%) compared to the FY 2021-22 Adopted Budget. The projected increase in property tax revenue results from increases in assessed property value due to new construction and transfers of ownership during FY 2021-22, restoration of value for properties that had values reduced under Proposition 8, and a statutory 2% value escalation (compared to a 1.036% adjustment for FY 2021-22).



Sales and Use Taxes: As shown above, sales and use taxes represent the next largest category of discretionary revenue and reimbursements, at approximately 18%. FY 2022-23 sales and use tax revenue is projected to be \$143 million, an increase of \$41 million (39.8%) compared to the FY 2021-22 Adopted Budget. The largest factor contributing to the increase in projected sales and use tax revenues is a change in reporting practices by a major retailer that caused a portion of taxes previously sent to the countywide use tax pool to be paid directly to the County. Increases in both actual sales growth in FY 2021-22 and continued projected growth in FY 2022-23 due to increased demand and price inflation also contribute to the projected increase in sales and use tax revenues.

Other Discretionary Revenue: The County receives other discretionary revenue from various sources, categorized as "other revenue." FY 2022-23 other revenue is projected to total \$59 million, a reduction of \$5 million (8%) compared to the FY 2021-22 Adopted Budget. The primary factors contributing to this change include:

- A \$6.9 million reduction in revenue neutrality payments due to FY 2021-22 representing the final year of revenue neutrality payments from the city of Citrus Heights.
- A \$2.4 million increase in miscellaneous intergovernmental revenue due to AB 1869 backfill revenue received from the State that was not included in the FY 2021-22 Adopted Budget.

Semi-Discretionary Revenue and Reimbursements

The County receives “Semi-discretionary” revenue (1991 and 2011 Realignment and Proposition 172 Public Safety Sales Tax) that the Board generally has the ability to allocate within certain broad parameters. Semi-discretionary revenue is received in restricted funds and then either transferred to the appropriate operating budget as a reimbursement in the General Fund or held in reserve in the restricted funds.

As shown in the table below, total Semi-discretionary revenues are estimated to be \$919 million in FY 2022-23, an increase of \$74 million (8.7%) compared to the FY 2021-22 Adopted Budget. In developing the estimates of Semi-discretionary revenues, we relied on the estimated growth rates used in the Governor’s FY 2022-23 January budget for Statewide sales tax and vehicle license fees, upon which Semi-discretionary revenues are based. The projected increase in Statewide sales tax revenues reflects both the continued economic recovery from COVID-19 and inflation in the costs of taxable goods. The impact of these factors increases the risk that revenues at this level may not be sustained into the future, should economic conditions change.

FY 2022-23 Recommended Budget

SEMI-DISCRETIONARY REVENUE RESTRICTED FUNDS - REVENUE

Fund	FY 2021-22 Adopted Revenue	FY 2022-23 Recommended Revenue	Difference
Public Safety Sales Tax	\$ 146,537,112	\$ 171,500,599	\$ 24,963,487
1991 Realignment	345,125,345	353,366,249	8,240,904
2011 Realignment	354,080,788	394,523,557	40,442,769
Total	\$ 845,743,245	\$ 919,390,405	\$ 73,647,160

Additionally, the Semi-discretionary revenue funds are estimated to have a combined beginning fund balance of \$81 million, including reserves of \$59 million. Due to both the one-time nature of the \$81 million beginning fund

balance and the likely contributions of one-time factors to expected revenue growth for FY 2022-23, the Recommended Budget maintains the existing reserves in the Semi-discretionary revenue funds as shown in the table below. Because available resources exceed estimated FY 2022-23 eligible expenditures for certain 2011 Realignment funding categories, we are recommending additional reserves of \$12 million, for total Semi-discretionary reserves of \$71 million. These reserves would be available to maintain program funding in the event of future year revenue declines.

FY 2022-23 Recommended Budget
SEMI-DISCRETIONARY REVENUE RESTRICTED FUNDS - RESERVES

Fund	FY 2021-22 Adopted Reserves	FY 2022-23 Recommended Reserves	Difference
Public Safety Sales Tax	\$ 7,280,498	\$ 7,280,498	\$ -
1991 Realignment	33,953,096	33,953,096	-
2011 Realignment	17,845,655	29,559,880	11,714,225
Total	\$ 59,079,249	\$ 70,793,474	\$ 11,714,225

As shown in the table below, the Recommended Budget includes Semi-discretionary reimbursements in the General Fund of \$929 million, an increase of \$85 million (10.1%) compared to the FY 2021-22 Adopted Budget. Non-CalWORKs Semi-discretionary reimbursements of \$787 million fund eligible General Fund expenditures that otherwise would be funded with discretionary resources (Net County Cost) and represent an increase of \$78 million (11.0%) compared to the FY 2021-22 Adopted Budget.

**FY 2022-23 Recommended Budget
SEMI-DISCRETIONARY APPROPRIATIONS/REIMBURSEMENTS**

	FY 2021-22 Adopted Budget	FY 2022-23 Recommended Budget	Difference
Enhancing Law Enforcement Activities	\$ 21,857,930	\$ 23,450,288	\$ 1,592,358
Law Enforcement Services	\$ 103,601,810	\$ 118,188,157	\$ 14,586,347
Behavioral Health Services	\$ 79,120,198	\$ 96,436,313	\$ 17,316,115
Protective Services	\$ 151,538,615	\$ 155,628,785	\$ 4,090,170
Total 2011 Realignment	\$ 356,118,553	\$ 393,703,543	\$ 37,584,990
Mental Health	\$ 47,946,285	\$ 59,010,605	\$ 11,064,320
Public Health	\$ 16,710,776	\$ 17,826,968	\$ 1,116,192
Social Services	\$ 142,563,410	\$ 144,509,845	\$ 1,946,435
Total 1991 Realignment - Non-CalWORKs	\$ 207,220,471	\$ 221,347,418	\$ 14,126,947
CalWORKs	\$ 135,233,727	\$ 142,609,113	\$ 7,375,386
Total 1991 Realignment	\$ 342,454,198	\$ 363,956,531	\$ 21,502,333
Proposition 172	\$ 145,205,105	\$ 171,500,599	\$ 26,295,494
Total	\$ 843,777,856	\$ 929,160,673	\$ 85,382,817
Total Semi-discretionary Reimbursement - Non-CalWORKs	\$ 708,544,129	\$ 786,551,560	\$ 78,007,431

General Fund Departmental Revenue and Reimbursements

General Fund departmental revenues and reimbursements are budgeted at \$1.586 billion for FY 2022-23, a reduction of \$31 million or 1.9% compared to the FY 2021-22 Adopted Budget. The primary factors contributing to this reduction are described below.

Categorical Revenue Reductions Backfilled with Discretionary Resources

In some cases, departments have identified programmatic impacts that would result from anticipated reductions in Federal or State revenue designated for a specific purpose (categorical revenue). In order to avoid those program reductions, the Recommended Budget backfills the following anticipated reductions in categorical revenue with General Fund discretionary resources:

- **\$12.8 Million for Title IV-E Waiver/Families First Transition Act (FFTA) Certainty Grant:** The Department of Child, Family and Adult Services (DCFAS) identified a categorical loss of \$11.5 million and Probation identified a loss of \$1.3 million, for a combined total funding loss of \$12.8 million due to the expiration of this funding for prevention services intended to

keep children out of foster care. The departments estimate that, without backfill funding, a combined reduction of 64 staff positions and \$3.7 million in contracted services would be required, and elimination of these prevention services could increase entries into foster care by 5%. In order to avoid these impacts, the Recommended Budget includes funding for these services with General Fund discretionary resources. Due to the availability of certain other funding, the total Net County Cost impact is \$10.3 million.

- **\$1.2 Million for Regional Parks:** FY 2021-22 was the final year of a five-year funding commitment from the Department of Waste Management & Recycling (DWMR) to provide funding of \$1.2 million annually to Regional Parks. DWMR is not in a position to continue to provide this funding. The Recommended Budget includes \$1.2 million of General Fund discretionary funding (NCC) to offset this loss of revenue in the Regional Parks budget in order to avoid a reduction of eight staff positions, three vehicles, and associated services and supplies.
- **\$0.6 Million for the Public Defender:** The Public Defender's Office anticipates loss of funding due to the expiration of two grants effective January 2023. Expiration of grant funding related to its pre-trial support program will result in a six-month loss of revenue of \$199,599, and expiration of grant funding for its Juvenile Trauma Response Court will result in a six-month loss of revenue of \$421,175. The Recommended Budget includes General Fund discretionary funding to continue both programs and to convert limited-term positions to permanent positions in order to provide the programs on an ongoing basis.
- Other categorical reductions recommended for backfill with General Fund discretionary resources include:
 - \$500,676 for Probation due to a reduction of Senate Bill (SB) 678 funding and a reduction in adult fees supporting the Victim Restitution Determination Unit, which determines restitution for crime victims, a mandated requirement of Probation responsibilities to the Courts.
 - \$350,000 for Code Enforcement due to the sunset of the Sacramento Abandoned Vehicle Service Authority funding.

- \$210,475 for the Agricultural Commissioner to backfill a reduction in State revenue.
- \$38,469 for the Department of Human Assistance due to a reduction in marriage license and probationer fees that support domestic violence shelter programs.

Categorical Revenue Reductions Resulting in Program Reductions

Categorical revenue reductions not recommended for backfill with General Fund discretionary resources include:

- The Department of Finance, Division of Revenue Recovery revenue loss of approximately \$1.2 million due to Assembly Bill (AB) 177, which eliminated certain criminal justice fees effective January 1, 2022.
- The Department of Personnel Services revenue loss of \$204,374 due to a position previously funded by the Department of Waste Management & Recycling (DWMR).

Recommended reductions associated with these revenue losses are described under the General Fund Appropriations section below.

Other Changes in Departmental Revenue and Reimbursements

In some cases, changes in departmental revenue and reimbursements result from changes in associated appropriations. These include:

- A \$100 million decrease in the Human Assistance – Administration budget unit primarily due to a decrease in revenue and expenditures for the Emergency Rental Assistance Program (ERAP) administered by the Sacramento Housing and Redevelopment Agency.
- A \$25 million decrease in the Human Assistance – Aid Payments budget unit due to (1) a projected continued decline in assistance caseloads resulting in a decrease in projected expenditures and (2) the elimination of Title IV-E Waiver/FFTA

funding (described above for DCFAS and Probation) of \$5.3 million.

- An \$80 million increase in the Health Services budget unit due to additional State and Federal revenue and reimbursements from the Mental Health Services Act Fund (MHSA).
- A \$13 million increase in departments that allocate costs or bill services to other departments, including County Counsel, County Executive Cabinet, Finance, and Personnel Services.
- An \$8 million decrease in the Office of Emergency services due to the expiration and timing of grants.
- A \$5 million decrease in the Department of Voter Registration and Elections due to one-time funding received in FY 2021-22 as a result of the gubernatorial recall election.

The Recommended Budget includes \$43 million of American Rescue Plan Act State and Local Fiscal Recovery Fund (ARPA) revenue reflected in departments' budgets, including those listed above, for Board-approved projects.

Additionally, due to the inclusion in the FY 2022-23 Budget of previously unbudgeted restricted revenue funds as described above, amounts previously recorded as departmental revenue are now reflected in the budget as other reimbursements.

General Fund Appropriations

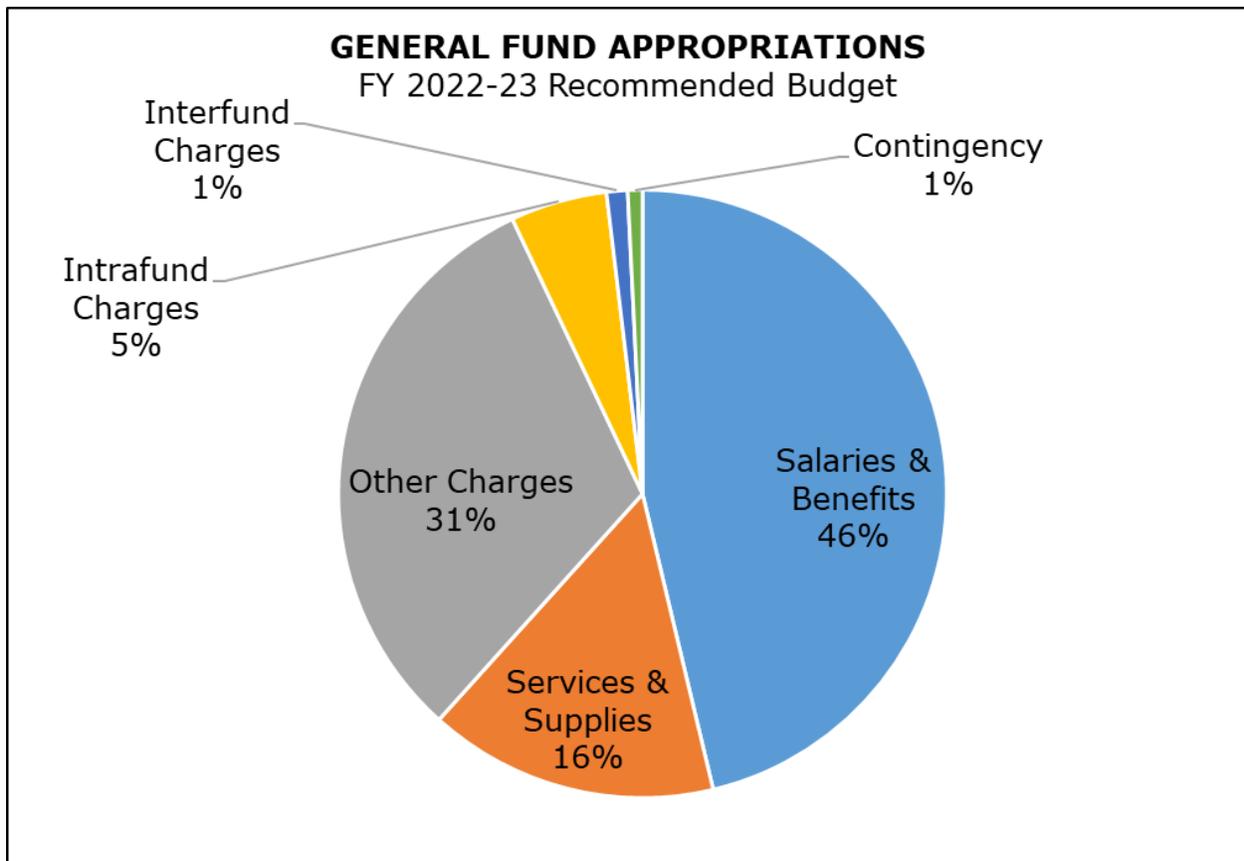
The Recommended General Fund Budget totals \$3.5 billion in appropriations, an increase of \$79 million (2.3%) compared to the FY 2021-22 Adopted Budget. As shown in the table on the following page, this increase is the result of \$124 million in appropriations for recommended new or enhanced programs (Growth) and a net decrease in base budget appropriations for existing programs and services of \$45.1 million.

General Fund Appropriations

BASE, GROWTH AND PROGRAM REDUCTIONS

	FY 2021-22 Adopted Budget	FY 2022-23 Recommended Budget	Difference	Percent Difference
Base Appropriations	\$ 3,371,484,081	\$ 3,326,952,057	\$ (44,532,024)	
Program Reductions		(519,888)	(519,888)	
Recommended Growth		124,185,043	124,185,043	
Total Appropriations	\$ 3,371,484,081	\$ 3,450,617,212	\$ 79,133,131	2.3%

General Fund appropriations by expenditure type are displayed in the chart below.



Key factors and assumptions impacting General Fund base budget appropriations include:

- Assumed salary and benefit cost increases, including an assumed 3% cost of living adjustment (COLA).

- Expected completion of prior year Federal and State programs, including nearly \$100 million for the ERAP program noted above.
- Projected continued reductions in assistance caseloads in the Human Assistance – Aid Payments budget unit.
- A recommended \$10 million increase in the General Fund Appropriation for Contingency to account for uncertainties associated with a number of factors including current ongoing labor negotiations; compliance with the County’s legal obligations, including the Mays consent decree; and potential needs associated with Ukrainian refugees.
- Elimination of inter-fund transfer repayments due to the fact that the remaining amount due of \$13.4 million will be fully paid off in FY 2021-22.
- Reduction in appropriations for one-time amounts included in the FY 2021-22 Adopted Budget.

As previously described in the Departmental Revenues and Reimbursements section, certain categorical revenue reductions not recommended for backfill with discretionary resources result in appropriation reductions in the Recommended Budget, as shown in the table below.

FY 2022-23 Recommended Reductions

Program Reductions to Base Budget - General Fund

Department/Budget Unit	Total Recommended Reductions	Categorical	Non-Categorical	FTE Reductions
Department Of Finance	315,514	315,514	0	4.0
Personnel Services	204,374	204,374	0	1.0
Total General Fund	\$519,888	\$519,888	\$0	5.0

In the Department of Finance, Division of Revenue Recovery, the estimated \$1.2 million revenue loss from fees eliminated by AB 177 is partially offset with one-time departmental funding sources but requires a reduction of 4.0 vacant full-time equivalent positions. Due to the one-time nature of the

departmental funding sources, additional reductions and/or increases in departmental fees will likely be required in future budget years.

In the Department of Personnel Services (DPS), a reduction in funding for a position dedicated to the Department of Waste Management and Recycling resulted in elimination of the dedicated position; however, that position is included in a recommended Growth request to provide countywide support to other departments.

Increases in appropriations as a result of recommended Growth are described in the New or Enhanced Programs section of this letter.

Discretionary and Semi-Discretionary Resource Allocation

“Net County Cost” or “General Fund Allocation” refers to the discretionary resources allocated to departments or programs. Discretionary resources come from the General Fund’s discretionary (non-departmental) revenues and reimbursements and the General Fund beginning balance. Net County Cost in the Recommended Budget for General Fund departments totals \$936 million, an increase of \$24 million (2.6%) compared to the FY 2021-22 Adopted Budget.

The recommended allocations by budget unit are shown on the following page. Budget units with the largest increase in Net County Cost include:

- **Child, Family, and Adult Services**, with a \$22 million (463%) Net County Cost increase due primarily to the backfill of the Title IV-E Waiver funding loss described above and recommended Growth described below.
- **Appropriation for Contingency**, with a \$10 million (58.8%) increase as described above.
- **Human Assistance – Administration**, with an \$8 million (24.2%) increase due primarily to recommended Growth described below.
- **Public Defender**, with a \$7 million (20.2%) increase due primarily to recommended Growth described below and the backfill of categorical funding losses described above.
- **Correctional Health Services**, with a \$7 million (12.8%) increase due largely to the recommended Growth described below.

- **Human Assistance – Aid Payments**, with an increase of \$5 million (40.1%) due primarily to the loss of Title IV-E Waiver/FFTA funding described above.

Fiscal Year 2022-23 Recommended Budget

NET COUNTY COST				
Fund Budget Unit - Name	FY 2021-22 Adopted Budget	FY 2022-23 Recommended Budget	Change from FY 2021-22 Adopted Budget	% Change from FY 2021-22 Adopted Budget
Elected Officials				
001A 3610000BU - Assessor	9,581,950	9,944,106	362,156	3.8%
001A 4050000BU - Board of Supervisors	3,985,061	4,203,873	218,812	5.5%
001A 5800000BU - District Attorney	70,587,669	72,306,762	1,719,093	2.4%
001A 7400000BU - Sheriff	320,961,892	316,582,306	(4,379,586)	(1.4%)
Subtotal - ELECTED OFFICIALS	405,116,572	403,037,047	(2,079,525)	(0.5%)
General Government				
001A 4010000BU - Clerk of the Board	2,089,069	2,298,184	209,115	10.0%
001A 4210000BU - Civil Service Commission	407,250	419,213	11,963	2.9%
001A 4810000BU - County Counsel	2,675,567	2,764,721	89,154	3.3%
001A 5110000BU - Financing-Transfers/Reimbursement	37,932,809	27,313,469	(10,619,340)	(28.0%)
001A 5730000BU - County Executive Cabinet	1,149,289	1,288,990	139,701	12.2%
001A 5770000BU - Non-Departmental Costs/General Fund	39,404,015	24,588,023	(14,815,992)	(37.6%)
001A 5910000BU - County Executive	944,843	1,008,274	63,431	6.7%
001A 5980000BU - Appropriation For Contingency	17,000,000	27,000,000	10,000,000	58.8%
Subtotal - GENERAL GOVERNMENT	101,602,842	86,680,874	(14,921,968)	(14.7%)
Administrative Services				
001A 3230000BU - Department Of Finance	1,386,663	1,637,347	250,684	18.1%
001A 4410000BU - Voter Registration And Elections	11,416,067	12,874,659	1,458,592	12.8%
001A 5710000BU - Data Processing-Shared Systems	26,419,142	25,823,301	(595,841)	(2.3%)
001A 5740000BU - Office of Compliance	2,332	0	(2,332)	(100.0%)
001A 5920000BU - Contribution To LAFCO	239,500	246,685	7,185	3.0%
001A 5970000BU - Office of Labor Relations	8,875	0	(8,875)	(100.0%)
001A 6050000BU - Personnel Services	487,844	260,000	(227,844)	(46.7%)
001A 7090000BU - Emergency Services	1,589,334	1,360,008	(229,326)	(14.4%)
Subtotal - ADMINISTRATIVE SERVICES	41,549,757	42,202,000	652,243	1.6%
Community Services				
001A 3210000BU - Agricultural Comm-Sealer Of Wts & Meas	1,295,417	1,656,132	360,715	27.8%
001A 3220000BU - Animal Care And Regulation	10,787,389	11,623,383	835,994	7.7%
001A 3260000BU - Wildlife Services	60,733	75,014	14,281	23.5%
001A 4660000BU - Fair Housing Services	209,074	216,610	7,536	3.6%
001A 5720000BU - Community Development	8,019,915	9,330,961	1,311,046	16.3%
001A 6400000BU - Regional Parks	12,712,124	15,472,806	2,760,682	21.7%
Subtotal - COMMUNITY SERVICES	33,084,652	38,374,906	5,290,254	16.0%
Public Safety And Justice				
001A 4522000BU - Contribution To The Law Library	11,828	13,083	1,255	10.6%
001A 4610000BU - Coroner	6,126,106	8,708,182	2,582,076	42.1%
001A 5020000BU - Court / Non-Trial Court Operations	9,181,817	9,408,327	226,510	2.5%
001A 5040000BU - Court / County Contribution	24,468,756	24,468,756	0	0.0%
001A 5510000BU - Conflict Criminal Defenders	10,477,884	11,731,349	1,253,465	12.0%
001A 5660000BU - Grand Jury	306,264	306,673	409	0.1%
001A 5750000BU - Justice Planning, Analytics and Coordination	3,500	0	(3,500)	(100.0%)
001A 5780000BU - Office of Inspector General	156,924	165,279	8,355	5.3%
001A 6700000BU - Probation	77,263,979	77,972,874	708,895	0.9%
001A 6760000BU - Care In Homes And Inst-Juv Court Wards	1,280,000	1,280,000	0	0.0%
001A 6910000BU - Public Defender	37,132,950	44,625,148	7,492,198	20.2%
Subtotal - PUBLIC SAFETY AND JUSTICE	166,410,008	178,679,671	12,269,663	7.4%
Social Services				
001A 2820000BU - Veteran's Facility	16,452	16,452	0	0.0%
001A 3310000BU - Cooperative Extension	426,786	483,954	57,168	13.4%
001A 7200000BU - Health Services	56,783,307	36,883,745	(19,899,562)	(35.0%)
001A 7230000BU - Juvenile Medical Services	4,545,017	5,056,708	511,691	11.3%
001A 7270000BU - Health - Medical Treatment Payments	351,383	208,444	(142,939)	(40.7%)
001A 7410000BU - Correctional Health Services	52,876,750	59,621,369	6,744,619	12.8%
001A 7800000BU - Child, Family and Adult Services	4,806,879	27,080,727	22,273,848	463.4%
001A 8100000BU - Human Assistance-Administration	32,379,359	40,228,850	7,849,491	24.2%
001A 8700000BU - Human Assistance-Aid Payments	12,109,718	16,970,413	4,860,695	40.1%
Subtotal - SOCIAL SERVICES	164,295,651	186,550,662	22,255,011	13.5%
Total General Fund Dept	912,059,482	935,525,160	23,465,678	2.6%

Because increases or decreases in Net County Cost are sometimes offset by increases or decreases in Semi-discretionary reimbursements, looking at discretionary and Semi-discretionary resources combined can provide a more complete picture of the centrally-allocated resources provided to each budget unit. The table on the following page compares the allocation of all discretionary and Semi-discretionary resources in the FY 2022-23 Recommended Budget and the FY 2021-22 Adopted Budget.

As can be seen in the table, the total amount of discretionary and Semi-discretionary resources allocated to budget units in the Recommended Budget is approximately \$109 million (6.2%) higher than in the FY 2021-22 Adopted Budget. The budget units with the largest increase include:

- **Child, Family, and Adult Services**, with a \$20 million (19.7%) increase due primarily to the backfill of the Title IV-E Waiver funding loss described above and recommended Growth described below.
- **Human Assistance – Aid Payments**, with a \$19 million (7.8%) increase due to increases in CalWORKS-related realignment and a decrease in revenues as described above.
- **Sheriff**, with a \$17 million (3.4%) increase, including \$5.4 million of recommended Growth primarily to address the County’s obligations under the Mays consent decree, salary and benefit cost increases for existing staff, and increases in charges from internal service departments.
- **Correctional Health Services**, with a \$16 million (24.4%) increase, including \$10 million of recommended Growth described below, and salary and benefit cost increases for existing staff.
- **Probation**, with an \$11 million (7.3%) increase, including the backfilled categorical revenue reductions described above, increases in salary and benefits costs of existing employees, and increases in charges from other County departments including \$1.6 million in debt service payments for Probation facilities that were previously funded by the Capital Construction Fund to reduce Net County Cost.
- **Appropriation for Contingency**, with a \$10 million (58.8%) increase as described above.

- **Health Services**, with an \$8 million (4.3%) increase resulting from recommended Growth described below.
- **Public Defender**, with an \$8 million (19.8%) increase due primarily to recommended Growth described below and the backfill of categorical funding losses described above.

Fiscal Year 2022-23 Recommended Budget

Net County Cost and Semi-Discretionary Resources				
Fund Budget Unit - Name	FY 2021-22 Adopted Budget	FY 2022-23 Recommended Budget	Change from FY 2021-22 Adopted Budget	% Change from FY 2021-22 Adopted Budget
Elected Officials				
001A 3610000BU - Assessor	9,581,950	9,944,106	362,156	3.8%
001A 4050000BU - Board of Supervisors	3,985,061	4,203,873	218,812	5.5%
001A 5800000BU - District Attorney	89,673,923	94,506,586	4,832,663	5.4%
001A 7400000BU - Sheriff	497,945,815	514,723,031	16,777,216	3.4%
Subtotal - ELECTED OFFICIALS	601,186,749	623,377,596	22,190,847	3.7%
General Government				
001A 4010000BU - Clerk of the Board	2,089,069	2,298,184	209,115	10.0%
001A 4210000BU - Civil Service Commission	407,250	419,213	11,963	2.9%
001A 4810000BU - County Counsel	2,675,567	2,764,721	89,154	3.3%
001A 5110000BU - Financing-Transfers/Reimbursement	37,932,809	27,313,469	(10,619,340)	(28.0%)
001A 5730000BU - County Executive Cabinet	1,157,842	1,297,778	139,936	12.1%
001A 5770000BU - Non-Departmental Costs/General Fund	39,704,015	24,588,023	(15,115,992)	(38.1%)
001A 5910000BU - County Executive	944,843	1,008,274	63,431	6.7%
001A 5980000BU - Appropriation For Contingency	17,000,000	27,000,000	10,000,000	58.8%
Subtotal - GENERAL GOVERNMENT	101,911,395	86,689,662	(15,221,733)	(14.9%)
Administrative Services				
001A 3230000BU - Department Of Finance	1,386,663	1,637,347	250,684	18.1%
001A 4410000BU - Voter Registration And Elections	11,416,067	12,874,659	1,458,592	12.8%
001A 5710000BU - Data Processing-Shared Systems	26,419,142	25,823,301	(595,841)	(2.3%)
001A 5740000BU - Office of Compliance	2,332	0	(2,332)	(100.0%)
001A 5920000BU - Contribution To LAFCO	239,500	246,685	7,185	3.0%
001A 5970000BU - Office of Labor Relations	8,875	0	(8,875)	(100.0%)
001A 6050000BU - Personnel Services	487,844	260,000	(227,844)	(46.7%)
001A 7090000BU - Emergency Services	1,589,334	1,360,008	(229,326)	(14.4%)
Subtotal - ADMINISTRATIVE SERVICES	41,549,757	42,202,000	652,243	1.6%
Community Services				
001A 3210000BU - Agricultural Comm-Sealer Of Wts & Meas	1,295,417	1,656,132	360,715	27.8%
001A 3220000BU - Animal Care And Regulation	10,787,389	11,623,383	835,994	7.7%
001A 3260000BU - Wildlife Services	60,733	75,014	14,281	23.5%
001A 4660000BU - Fair Housing Services	209,074	216,610	7,536	3.6%
001A 5720000BU - Community Development	8,019,915	9,330,961	1,311,046	16.3%
001A 6400000BU - Regional Parks	12,712,124	15,472,806	2,760,682	21.7%
Subtotal - COMMUNITY SERVICES	33,084,652	38,374,906	5,290,254	16.0%
Public Safety And Justice				
001A 4522000BU - Contribution To The Law Library	11,828	13,083	1,255	10.6%
001A 4610000BU - Coroner	6,126,106	8,708,182	2,582,076	42.1%
001A 5020000BU - Court / Non-Trial Court Operations	9,181,817	9,408,327	226,510	2.5%
001A 5040000BU - Court / County Contribution	24,468,756	24,468,756	0	0.0%
001A 5510000BU - Conflict Criminal Defenders	10,477,884	11,731,349	1,253,465	12.0%
001A 5660000BU - Grand Jury	306,264	306,673	409	0.1%
001A 5750000BU - Justice Planning, Analytics and Coordination	193,404	211,319	17,915	9.3%
001A 5780000BU - Office of Inspector General	156,924	165,279	8,355	5.3%
001A 6700000BU - Probation	145,143,297	155,783,738	10,640,441	7.3%
001A 6760000BU - Care In Homes And Inst-Juv Court Wards	1,280,000	1,280,000	0	0.0%
001A 6910000BU - Public Defender	38,022,310	45,541,190	7,518,880	19.8%
Subtotal - PUBLIC SAFETY AND JUSTICE	235,368,590	257,617,896	22,249,306	9.5%
Social Services				
001A 2820000BU - Veteran's Facility	16,452	16,452	0	0.0%
001A 3310000BU - Cooperative Extension	426,786	483,954	57,168	13.4%
001A 7200000BU - Health Services	194,127,235	202,520,872	8,393,637	4.3%
001A 7230000BU - Juvenile Medical Services	5,619,524	6,379,173	759,649	13.5%
001A 7250000BU - IHSS Provider Payments	88,565,409	92,108,025	3,542,616	4.0%
001A 7270000BU - Health - Medical Treatment Payments	2,491,350	2,491,350	0	0.0%
001A 7410000BU - Correctional Health Services	63,778,890	79,354,012	15,575,122	24.4%
001A 7800000BU - Child, Family and Adult Services	102,999,548	123,318,915	20,319,367	19.7%
001A 8100000BU - Human Assistance-Administration	45,200,788	51,651,466	6,450,678	14.3%
001A 8700000BU - Human Assistance-Aid Payments	239,510,213	258,099,553	18,589,340	7.8%
Subtotal - SOCIAL SERVICES	742,736,195	816,423,772	73,687,577	9.9%
Total General Fund Dept	1,755,837,338	1,864,685,832	108,848,494	6.2%

General Fund Reserves

The Recommended General Fund Budget includes \$89 million in net reserve increases resulting from the following recommended changes:

- \$20.9 million to General Reserves, consistent with the Board's General Reserves Policy, which calls for placing 10% of the General Fund's Available Fund Balance carry-forward in General Reserves. With this contribution, the General Reserves balance will stand at \$65.9 million, which is 8.1% of budgeted discretionary revenues and reimbursements.
- \$30.0 million to the Reserve for Audit Report Payback/Future Litigation Settlement Costs, bringing this reserve to \$48.4 million, which would be available for potential costs the County is facing in a number of cases, including the Hardesty lawsuit.
- \$38.8 million to fund a recommended Service Stability Reserve, which would be available to mitigate revenue losses during future economic downturns in order to help maintain County services at a time when they are most needed by the community.
- Cancellation of the \$25,000 reserve for the River Fire District Loan, which is no longer needed for its original purpose because this loan has been paid off. Consistent with the General Reserves policy, this amount will be added to General Reserves.
- Cancellation of \$575,000 of the Black Child Legacy reserve to fund FY 2022-23 expenditures for this program, consistent with its intended purpose.

The status of General Fund Reserves with these recommended changes is shown in the table on the following page.

**FY 2022-23 Recommended Budget
GENERAL FUND RESERVE STATUS**

Reserved for:	FY 2021-22 Ending	FY 2022-23 Recommended	Change
Tax Loss Teeter	\$ 3,332,738	\$ 3,332,738	\$ -
Teeter Delinquencies	627,971	627,971	-
Loan Buyout (Teeter Plan)	6,267,846	6,267,846	-
River Delta Fire District Loan	25,000	-	(25,000)
Health for All Loan	104,730	104,730	-
Sub-total: Restricted Reserves	\$ 10,358,285	\$ 10,333,285	\$ (25,000)
General Reserves	\$ 44,985,679	\$ 65,910,679	\$ 20,925,000
Cash Flow	32,421,527	32,421,527	-
Imprest Cash	290,955	290,955	-
Audit Report Payback/Litigation Settlement	18,368,661	48,368,661	30,000,000
Special Deposits Travel	100,000	100,000	-
Black Child Legacy	1,150,000	575,000	(575,000)
Property Tax System	19,000,000	19,000,000	-
Service Stability	-	38,786,330	38,786,330
Sub-total: Discretionary Reserves	\$ 116,316,822	\$ 205,453,152	\$ 89,136,330
Total Reserves	\$ 126,675,107	\$ 215,786,437	\$ 89,111,330

NEW OR ENHANCED PROGRAMS (GROWTH)

For the preparation of the FY 2022-23 Budget, County departments submitted over \$225 million in requests for new or enhanced programs (Growth requests), including almost \$90 million in General Fund (Net County Cost) support. To assist in evaluating these requests, departments were asked to rank each request in order of importance and also to identify the Board priority associated with each request.

The Recommended Budget includes \$202 million in All Funds for new or enhanced programs, including \$124 million in the General Fund, with \$74 million of that amount funded with General Fund Discretionary resources (Net County Cost or "NCC"). In addition, we have identified \$4.5 million (\$3.4 million NCC) in requested growth that is not included in the Recommended Budget but is prioritized for inclusion in the Revised Recommended Budget in September should sufficient additional resources be available at that time.

A summary of all new or enhanced programs is provided below. More detailed information is provided in Attachment 2, and in the Program Budget sections for each budget unit.

General Fund Growth

The following table shows the amount of funding in the Recommended Budget for new or enhanced programs in General Fund budget units.

Funded - General Fund - New or Enhanced Programs (Summary)

Department/Budget Unit	Total Appropriations	Net County Cost	FTE
Assessor	\$ 309,402	\$ 309,402	3.0
Board of Supervisors	100,000	100,000	0.0
District Attorney	1,749,938	1,533,873	13.0
Sheriff	5,741,249	5,441,249	16.0
Clerk of the Board	310,889	310,889	2.0
County Counsel	889,789	143,494	3.0
County Executive Cabinet	1,117,873	310,725	6.0
Financing-Transfers/Reimbursement	22,388,666	22,388,666	0.0
Data Processing-Shared Systems	250,000	250,000	0.0
Department Of Finance	1,088,594	205,879	2.0
Emergency Services	128,192	128,192	1.0
Personnel Services	1,895,176	260,000	9.0
Voter Registration And Elections	14,016	14,016	0.0
Child, Family and Adult Services	19,147,733	5,996,749	59.0
Child Support Services	779,926	-	9.0
Cooperative Extension	40,133	33,342	0.0
Correctional Health Services	10,102,944	10,102,944	39.0
Health Services	37,543,463	11,001,057	44.0
Human Assistance-Administration	7,080,879	6,542,710	3.0
Juvenile Medical Services	167,917	167,917	0.6
Animal Care And Regulation	611,701	611,701	6.0
Community Development	1,101,804	513,244	7.0
Regional Parks	1,322,810	922,810	5.0
Conflict Criminal Defenders	1,300,000	1,300,000	0.0
Coroner	717,644	717,644	6.0
Probation	3,234,922	115,456	11.0
Public Defender	5,049,383	4,197,383	30.0
Total General Fund	\$ 124,185,043	\$73,619,342	274.6

The most significant General Fund Growth included in the Recommended Budget is summarized below.

- **Mays Consent Decree** – \$15 million in Net County Cost included in the Recommended Budget in the Sheriff and Correctional Health budget units to fund continued efforts to meet the County’s obligations under the Mays consent decree regarding conditions of confinement in the County’s jails.
- **Addressing Homelessness** - \$5.3 million (\$4.8 million Net County Cost) to fund new programs and services addressing homelessness in the County, including expanded shelter staffing, additional scattered site shelters, weather respite services, additional behavioral health staffing for encampment teams, funding to the Department of Transportation for encampment mitigation, funding for sustainable preventative maintenance services at Mather Community Campus, and additional staffing to support homelessness initiatives.
- **Road Pavement Rehabilitation Projects** – \$20 million in one-time Net County Cost transferred from the General Fund to the Roads Fund to fund pavement maintenance and rehabilitation on roads throughout the unincorporated County.
- **Substance Use Disorder Residential Treatment** - \$10 million (\$5 million Net County Cost) for the Department of Health Services to procure an additional 156 beds annually for substance use disorder residential treatment.
- **Crisis Stabilization Units** - \$5 million (\$2.5 million Net County Cost) for the Department of Health Services to establish a pool for behavioral health crisis stabilization units, which is a service the County is required to provide to Medi-Cal beneficiaries.
- **Mental Health Services Act Full Service Partnership** - \$7.5 million in MHSA and Federal match for the Department of Health Services to procure Full Service Partnership programming as a requirement in fulfilling permanent supportive housing commitments.
- **School-Based Mental Health Program** - \$4.3 million of Medi-Cal funding for the Department of Health Services to provide

increased support to the school-based mental health program, with a planned site expansion to 40 sites.

- **Public Defender** - \$5.0 million (\$4.2 million Net County Cost) to support programs in the Public Defender's office, including funding for additional staff and services to meet the office's existing caseload requirements, expanding the pre-trial support program and felony mental health diversion program, adding staff positions to support increased workload in the collaborative courts program, and implementing an electronic case management system.
- **Child, Family and Adult Services** - \$19.1 million (\$6.0 million Net County Cost) to support Child Family and Adult Services' programs, including \$5.4 million (\$3.8 million NCC) to provide enhanced security services at the Centralized Placement Support Unit.
- **Afghan Refugee Assistance** - \$3 million in Net County Cost for the Department of Human Assistance to provide services to support new Afghan arrivals in adjusting to their new environment.

Of the \$74 million in recommended Net County Cost Growth, approximately \$48 million is for ongoing staffing and services, with the remaining \$26 million representing one-time costs budgeted in FY 2022-23.

Non-General Fund Growth

The table on the following page shows the amount of funding in the Recommended Budget for new or enhanced programs in non-General Fund budget units. In some cases, non-General Fund appropriations are funded with reimbursements from the General Fund (e.g., \$20 million for Roads) and in other cases non-General Fund appropriations reflect restricted fund reimbursements that fund General Fund expenditures (e.g., Mental Health Services Act).

The most significant Non-General Fund Growth not already described above includes:

- **Microsoft Office 365 Migration** - \$3.8 million in the Department of Technology to begin a multi-year Countywide migration to Microsoft Office 365, with access to advanced cyber security tools, up-to-date Microsoft Office tools, expanded storage and a telephony soft-phones system. Costs for this migration are recovered through charges to County departments.
- **Airports** – \$15.4 million in the Department of Airports for various capital projects, including the design of a new parking garage and a baggage handling system upgrade, and \$4.5 million for operating costs, including a terminal ceiling replacement and additional staff positions, funded with Airport Enterprise Fund revenue.
- **Solid Waste Enterprise** - \$6.5 million in the Department of Waste Management and Recycling (DWMR) to address equipment maintenance, staffing and facility needs, funded with Solid Waste Enterprise Fund revenue.

Funded - Non-General Fund - New or Enhanced Programs (Summary)

Department/Budget Unit	Total Appropriations	FTE
Transient-Occupancy Tax	\$ 225,000	0.0
Capital Construction	707,043	0.0
Department of Technology	7,356,148	11.0
General Services	7,885,162	41.0
Board Of Retirement	414,183	5.0
Mental Health Services Act	5,474,793	0.0
Environmental Management	265,849	0.0
Roads	20,000,000	0.0
Department of Transportation	1,210,965	2.0
Golf	556,771	2.0
Economic Development	60,000	0.0
Development and Code Services	3,517,944	4.0
Airport System	4,534,448	12.0
Airport-Cap Outlay	15,375,000	0.0
Solid Waste Enterprise	6,514,965	7.0
Water Agency Enterprise	305,300	0.0
Water Resources	281,800	0.0
Probation-Restricted Revenues	3,119,466	0.0
Total Non-General Fund	\$ 77,804,837	84.0

Growth Prioritized for Revised Recommended Budget

The following table summarizes the Growth recommended to be prioritized for funding in the September Revised Recommended Budget should sufficient additional resources be available. More detailed information for each request is provided in Attachment 2.

FY 2022-23 Budget

Growth Prioritized for Inclusion in Revised Recommended Budget

Department/Budget Unit	Description	Cost	Net County Cost	FTE
Financing-Transfers/Reimbursement	Transfer to DOT for Walerga Sound Wall	\$730,745	\$730,745	0.0
Animal Care And Regulation	Add 4.0 FTE Registered Veterinary Technician	\$371,565	\$371,565	4.0
Animal Care And Regulation	Add 1.0 FTE Veterinarian	\$171,245	\$171,245	1.0
Community Development	Add 1.0 FTE Senior Planner	\$171,403	\$171,403	1.0
Community Development	General Plan Update Preliminary Scoping	\$250,000	\$250,000	0.0
Coroner	Add 1.0 FTE Pathology Assistant (New Class)	\$116,337	\$116,337	0.0
Probation	Valley Oak Youth Academy Expansion Phase 2	\$1,226,686	\$1,226,686	1.0
Public Defender	Add 1.0 FTE Attorney - Valley Oak Youth Academy	\$229,006	\$0	1.0
Correctional Health Services	DHS Admin ASO2 - Correctional Health Portion	\$18,154	\$18,154	0.0
Health Services	Add 1.0 FTE EMS Specialist Data Analysis	\$126,620	\$126,620	1.0
Health Services	Add 1.0 FTE EMS Specialist Critical Care	\$126,620	\$126,620	1.0
Health Services	Add 1.0 FTE ASO2 for Administration	\$234,662	\$107,027	1.0
Juvenile Medical Services	DHS Admin ASO2 - Juvenile Medical Portion	\$2,454	\$2,454	0.0
Total General Fund - Net County Cost		\$3,775,497	\$3,418,856	11.0
Landscape Maintenance District	Walerga Sound Wall Funded with General Fund	\$730,745	\$0	0.0
Total Non-General Fund - Net County Cost		\$730,745	\$0	0.0
TOTAL ALL FUNDS		\$4,506,242	\$3,418,856	11.0

FULL TIME EQUIVALENT POSITION CHANGES

The table below provides information concerning the County's Full Time Equivalent positions (FTEs).

FY 2022-23 Recommended Budget FTE CHANGES

Existing FTEs	12,935.8
Recommended Growth General Fund FTEs	274.6
Recommended Growth Non-General Fund FTEs	84.0
Base FTE Changes	(43.2)
FTE Reductions Due to Program Reductions	(5.0)
Total Recommended FTEs	13,246.2

TRANSIENT OCCUPANCY TAX ALLOCATIONS

The Recommended Budget includes \$6.0 million in Transient Occupancy Tax (TOT) revenue, an increase of \$0.9 million (18.5%) compared to the FY 2021-22 Adopted Budget, reflecting continued recovery of this revenue source following the impact of the COVID-19 pandemic.

As described more fully in Attachment 4, approximately \$3.3 million in projected TOT revenue is recommended for specific TOT-funded programs, with the remaining \$2.7 million available to fund General Fund Net County Cost. Combined with the TOT Fund balance of \$1.5 million, total funding for TOT programs is \$4.8 million, including a \$225,000 recommended increase for Visit Sacramento to provide additional funding for efforts that result in increased TOT revenue.

AMERICAN RESCUE PLAN ACT FUNDING

The County was allocated approximately \$301 million under the American Rescue Plan Act State and Local Fiscal Recovery Fund (ARPA), with \$150 million received in May 2021, as Phase One.

On November 2, 2021, the Board approved Strategic Investments for the Phase One Funding Allocation across top priority issue areas, as follows:

- **Housing and Homelessness:** housing and support for people experiencing homelessness, affordable housing.
- **Health:** COVID-19 response, public health, mental health and substance abuse treatment.
- **Economic Response:** addressing negative economic impacts to residents, communities, and businesses.

Additionally, the Board approved funding allocations of \$5 million for each Board District, premium pay for essential workers who are employed by the County, and for administrative costs related to ARPA.

The Recommended Budget includes FY 2022-23 funding for Board-approved ARPA projects as shown in the table below. Future project approvals will be reflected through subsequent amendments to the budget, including the Revised Recommended Budget.

**FY 2022-23 Recommended Budget
 AMERICAN RESCUE PLAN ACT PROJECTS**

	FY 2022-23 Recommended Budget Appropriations
Housing and Homelessness	\$ 17,893,738
Health	7,288,207
Economic Response	14,025,819
Subtotal ARPA Strategic Investments	\$ 39,207,764
Administration	\$ 3,749,291
Total ARPA Appropriations	\$ 42,957,055

ATTACHMENTS TO THE BUDGET TRANSMITTAL LETTER

Attachments are included with this transmittal letter that provide more detailed budget information.

- Attachment 1:** Provides total appropriations by budget unit.
- Attachment 2:** Provides information on new and enhanced programs (Growth) recommended for funding.
- Attachment 3:** Provides information on departmental requests for Growth that are not recommended for funding in this budget.
- Attachment 4:** Provides information on the allocation of Transient Occupancy Tax (TOT) revenue.
- Attachment 5:** Provides a five-year General Fund sensitivity analysis.

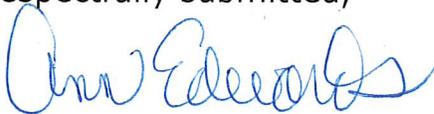
CONCLUSION/ACKNOWLEDGEMENT

I would like to acknowledge the hard work and dedication of the County's department heads and fiscal staff in preparing this year's Recommended Budget. That work began last summer when departments conducted outreach with advisory boards and commissions to understand their priorities for the County's budget and continued through the fall and winter with the preparation of budget requests aligned with the Board's priorities. Their input and judgement have been critical in developing a Recommended Budget that addresses important community needs while recognizing the importance of sustainability over the longer term. I would also like to thank the Deputy County Executives and the staff in the Office of Budget and Debt Management, without whose insights, efforts, and contributions preparation of this budget would not have been possible.

The Recommended Budget will be presented to the Board on June 8, 2022, starting at 2:00 p.m., with deliberations on that date and the following two days, as needed.

We look forward to working with you as you review the Recommended Budget. During your review, please contact me with any questions you may have.

Respectfully submitted,



Ann Edwards
County Executive